



County of Los Angeles
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Fifth District

May 26, 2005

To: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

Budget Subcommittee Hearings

AB 3632 Mandate for Special Education Students. The Governor's May Revision proposes to repeal the mandate on counties to provide AB 3632 services, and allocate \$90 million from the General Fund as partial reimbursement for counties' prior years mandate claims. On May 19 and 20, 2005, the Assembly and Senate Budget Subcommittees on Health and Education took different actions. The health subcommittees rejected the Governor's May Revision proposal, and instead, proposed that the \$90 million be used to reimburse counties for claims in FY 2004-05 and FY 2005-06. The education subcommittees adopted different proposals, which were not made public, to ensure that this special education issue would be referred to the Budget Conference Committee.

Governor's Initiative on Chronic Homelessness - Proposition 63. The Assembly Budget Subcommittee on Health and Human Services approved the Governor's May Revision proposal, which includes \$2.3 million of Proposition 63 funds to assist counties in developing projects, and for rent subsidies to promote stable housing for homeless persons. It also includes \$750,000 from the General Fund for pre-development loans to fund upfront housing project costs. The Senate Budget Subcommittee on Health and Human Services approved the Legislative Analyst Office's recommendation, which includes the Governor's proposal, with the exception that the \$750,000 also come from Proposition 63 funds rather than the General Fund. This will be a Budget Conference Committee item.

Medi-Cal Managed Care. The Senate and Assembly Budget Subcommittees on Health and Human Services rejected the Governor's proposal for mandatory enrollment of the aged, blind and disabled population into managed care programs.

Los Angeles County Clinic Rate Methodology. The Senate and Assembly Budget Subcommittees on Health and Human Services approved budget trailer bill language to continue to reimburse our Department of Health Services clinics based on their costs.

West Nile Virus. The Senate Budget Subcommittee on Health and Human Services approved the Governor's May Revision proposal for \$12 million from the General Fund to combat the West Nile Virus. The Assembly Budget Subcommittee on Health and Human Services approved \$11.5 million in funding so that the issue could be discussed in the Budget Conference Committee.

Child Support County Allocations. The Assembly Budget Subcommittee on Health and Human Services approved \$1 million to supplement county administration of child support programs in Los Angeles, San Bernardino, and Imperial Counties. The Senate did not act on this issue; therefore, it will be a budget conference item.

Elections Mandates Reimbursement. Despite the efforts of the County, the final action taken by Senate Budget Subcommittee No. 4 on State Administration was to accept the Governor's Budget proposal to suspend three reimbursable elections mandates in the Secretary of State's budget item. The mandates are for voter registration procedures, absentee ballots, and permanent absentee ballots.

Assembly Budget Subcommittee No. 4 on State Administration rejected the Governor's Budget proposal to suspend the three mandates, and fully funded them at \$16.5 million of which approximately \$3 million would come to the County. The issue will be considered by the Budget Conference Committee.

Status of County-Interest Legislation

County-supported AB 262 (Berg) was held in suspense in Assembly Appropriations on Wednesday, May 25, 2005. AB 262 prohibits the Judicial Council from requiring that a court facility proposed to be transferred from a county to the State, be held to a stricter standard than those standards adopted by the county for county buildings.

Also held in suspense was **County-opposed AB 642 (Negrete McLeod)**, which establishes and expands a bioterrorism-related illness presumption under California's workers' compensation statutes for employees who suffer illness or death resulting from a vaccination, medication, or exposure to a biochemical substance in the course of employment.

County-opposed AB 667 (Jones), which would change the performance standards for local child support agencies (LCSA), passed the Assembly Appropriations Committee Suspense File with significant amendments. The amendments change the focus of the bill from imposing new standards to requiring the Legislative Analyst Office to study the budget allocation methodology for LCSA. We will review the amended bill when it is in print. AB 667 proceeds to the Assembly Floor.

County-supported AB 717 (Gordon), passed the Assembly Appropriations Committee Suspense File with technical amendments on May 25, 2005. AB 717 would require the Centinela Airport Clinic to receive reimbursement rates that are equivalent to that of a contiguous emergency department of a general acute care hospital if the clinic meets certain criteria. The bill now proceeds to the Assembly Floor.

County-supported AB 783 (Jones) which restores a recent sunset provision for State reimbursement of counties' costs of conducting special elections called by the governor and held after January 1, 2005, passed the Assembly Appropriations Committee. The bill now proceeds to the Assembly Floor.

County-opposed AB 1331 (Umberg) was held in the Assembly Appropriations Committee Suspense File. AB 1331 requires that permanent disability physician apportionment and causation provisions created by SB 899 of 2004, do not apply to members of local sheriffs' offices, California Highway Patrol officers, the University of California police, firefighters, and other specified public safety officers.

County-supported SB 267 (Romero) was placed on the Senate Appropriations Committee Suspense File on May 23, 2005, because of potential costs to the State. SB 267 would restructure the Trauma Care Fund to require regional distribution of funds based on the statewide proportion of trauma care services provided in a region, repeal the requirement that trauma centers receive a minimum level of funding, and award grants on a competitive basis. The Committee will consider its Suspense File on Thursday, May 26, 2005.

On Monday the Senate Appropriations Committee heard **SB 395 (Escutia)**, a proposed courthouse construction bond measure, which the County will support if amended, to allow bond monies to be used to provide facilities in courthouses for those county court-related functions that are necessary for the efficient operation of the courts. SB 395 was placed on the Committee's suspense file.

The Senate Appropriations Committee also heard **County-supported SB 516 (Ortiz)**, relating to requiring fire sprinklers in residential care facilities with six or fewer residents. SB 516 was placed on the Committee's Suspense File.

The Senate Public Employment and Retirement Committee (PERS) took up 12 Special Session pension reform measures on Monday. Four of the bills were voted out of Committee. **SB X1 2 (Dunn)**, relating to employer contribution rates, by creating

Taxpayer Adverse Rate Prevention Accounts in both PERS and 1937 Act Systems, and **SB X1 5 (Ducheny)**, relating to definitions of "final compensation" generated substantial discussion, because of the lack of specificity relating to terms and provisions. **SB X1 2 (Dunn)**, goes next to the Senate Appropriations Committee and **SB X1 5 (Ducheny)**, proceeds to the Senate Floor. The other two measures **SB X1 3 (Speier)**, relating to disability retirement medical examinations for PERS members, and **SB X1 4 (Soto)**, relating to benefit fraud by PERS members, will be heard in the Senate Appropriations Committee. It should be noted that, while neither house has outlined a clear strategy for addressing the complex issues involved in public pension reform, many observers expect that any bipartisan agreement will come from a combination of "Big 5" discussions and conference committee hearings.

We will continue to keep you advised.

DEJ:GK
DW:SZ/DS:ib

c: Executive Officer, Board of Supervisors
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 Legislative Strategist
 Coalition of County Unions
 California Contract Cities Association
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 City Managers Associations
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